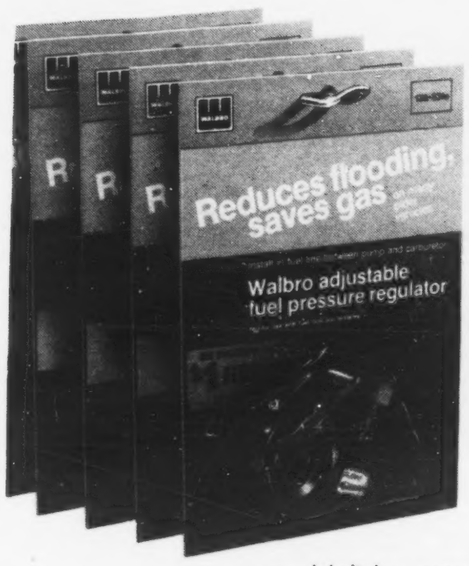

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SEE OUR FULL LINE OF FUEL LINE PRODUCTS AT THE APAA SHOW, BOOTHS 2222 AND 2224.

Automotive Products Group
A Division of Walbro Corporation

Solomon's Woes Laid to Banks' Terms

(Continued from page 2)

comment on the cataloger's filing. A NCNB executive said the bank's policy didn't allow him to comment on loan terms. Neither the banks nor Sam Solomon executives would detail what the harsher lending terms were.

Factors behind the banks' action reportedly include inventory problems and poor earnings in the fiscal year ended Jan. 28, 1980. Also contributing to the crackdown was $4,250,000 in seasonal loans outstanding at the end of the fiscal year. The company's lending slate had been wiped clean at the close of previous fiscal years.

"The banks seemed to feel that prudent lending policies required a change in the terms," one source said.

Without explaining why the banks imposed new requirements, Reese said the banks first agreed to "essentially the same type of unsecured seasonal borrowing as in the past and the company had begun to take down these funds. We got only a portion when the banks imposed the new requirements."

The cataloger's sales went up in the past fiscal year by 26.7% to $88,034,300 from $69,461,400. But net income plunged from $1,665,600 to only $124,600.

Reese cited the cataloger's shift to a LIFO accounting method during the year and a 68.8% jump in interest expenses—or $1,138,500—due to increased short-term borrowing, higher interest rates and interest on capitalized equipment leases as contributing to the cataloger's situation.

The two accounting changes were a switch to LIFO that decreased net income by $397,000 and expensing store openings as they occurred, rather than over a two-year period, which reduced net income by $362,400.

Besides the accounting changes, Sam Solomon in fiscal 1980 had to write off about $1 million in inventory and take down cumulative start-up costs of about $1.4 million, some for the past year and the rest for the opening of its Pembroke Pines, Fla., unit in late November, just before the close of the fiscal year.

The cataloger's concern about its inventory was evident in a report by Melvin Solomon earlier this year that the company had "instituted additional inventory planning and controls which resulted in increased inventory turn." He added he "plans to increase emphasis on data processing to provide the latest and most accurate information on inventory, including calculations on return on investment."

These moves, he said, "will allow the company to better evaluate the performance of its operations and merchandising strategies."

Sam Solomon is currently negotiating for interim financing with one lender, a company executive said, to go along with the support offered by its major suppliers.

At a creditors committee meeting called at presstime, the company's vendors informally agreed to continue to supply the cataloger, with most of the manufacturers shipping merchandise to allow the company to back the Merchandisers Association Inc. catalog it distributes for its 11 showrooms in four Southeast states.

Reese said there would be only a minor cutback in the number of books distributed and that no changes were planned in the cataloger's extensive fourth-quarter rotogravure program—two fliers a month in the period before Christmas.

While backing the catalog is vital for showroom operators, it's slightly less important for Sam Solomon, whose units mass display most categories.

All of Sam Solomon's showrooms are reportedly profitable except for the Pembroke Pines unit which hasn't completed a full year of operation.

Reese said the company had no plans to close any showrooms or make any extensive changes in its operations.

Sam Solomon is due to present its financial plan to its creditors just after Christmas. The nine-member creditors committee is composed of the three banks and the six largest vendors: General Electric first, followed by Texas Instruments, Panasonic, Mattel, and Milton Bradley.

Andy McKnight put this grill together in 7 minutes . . .

Does that tell you something?

Meco's Swinger grills offer you the easiest and fastest assembly of any covered cooker you can buy. The legs attach easily with only six nuts and bolts, and everything else is completely preassembled at the factory. It's so simple — even a child can do it.

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Covered by one or more of the following U.S. Patent Numbers: 4,062,340/D-252,248 D-255,314 other U.S. and Foreign Patents pending.

Leased Sales as a Per Cent of Total Sales

Leased department sales as a percentage of sales, in chains with sales of:

Year	Less than $100 Million	$100 to $260 Million	More than $260 Million
1974-75	9.82	11.64	13.82
1975-76	10.99	9.47	5.14
1976-77	9.39	12.33	5.39
1977-78	8.40	11 63	4.34
1978-79	7.53	8.20	5.58
1979-80	5.34	4.17	5.67

Leased department sales as a percentage of total retail sales have decreased steadily for several years and now constitute less than 6% of total volume. (Source: 1979-80 NMRI/Cornell University Study of Operating Results of Self-Service Discount Department Stores.)

Expenses as a Percentage of Sales for Various Responsibility Centers

Store Operations	10.62%
Field Supervision	0.46
Occupancy Costs, Stores	5.43
Occupancy Costs, Other	0.50
Buying & Merchandising	0.67
Advertising & Promotion	2.59
Accounting	0.36
Data Processing	0.37
Employee Benefits	1.86
Warehousing	0.88
Transportation	0.26
Administration & General	1.24
Total	100.00%

These average cost factors, reported as a percentage of sales, were supplied by 30 chains to NMRI's 1979-80 Study of the Operating Results for Self-Service Discount Department Store Chains.

Payroll Costs

(Continued from page 2)

remaining 16 discounters averaged 27.05% gross margin, down slightly from the year earlier when 14 firms averaged 27.63% margins.

The 1979-80 NMRI/Cornell University study, Operating Results of Self-Service Discount Department Stores, is available from the NMRI, 570 Seventh Ave., New York, N.Y. 10018. Cost to NMRI members is $35, nonmembers $45 and educational institutions $25.

Warranty Ads

(Continued from page 2)

ment disclosed benefits of the warranty, major limitations of the warranty would have to be disclosed as well.

- Required, by rule or guide, would be certain disclosures in all warranty advertisements. For example, warranty advertisers would be required to disclose whether the warranty is full or limited, or that it is available at point-of-sale.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Nail Builders Fingered as Pegged Stars

By M. Raymond Prendergast
President,
Boston Distributors

The pegged cosmetics department continues to show significant growth with Maybelline capturing the greatest percentage increase to date. Noxell's Cover Girl, with six sku's on the PMA, has also had an excellent year.

The success of Noxell's Professional Mascara is being followed up with its entry of Marathon Mascara, another sure winner in the eye segment traditionally dominated by Maybelline.

Our strongest category in sales per sku is again the nail builders. Krazy Nails is far and away our leading product while Lee Nails falls in the No. 2 position. We are seeing a leveling off of nail polish and a definite slow-down of lip liners, glosses, slicks, and pencils. More emphasis will be placed on the slim-line lipstick presently offered by Del Labs and Maybelline.

The heavy advertising support which the pegged cosmetic department receives from manufacturers will continue to make it one of our leading growth categories. Exciting new fixturing available from Revlon, Maybelline, and Noxell will further increase sales by creating a strong impact.

Strengths Examined

The retailer who takes advantage of fixturing concepts, promotional deals, and co-op advertising dollars offered by the manufacturer, will share in the growth and in the profits.

Meanwhile, mass merchants are already capitalizing on the tremendous growth potential of ladies' fragrances—a category in which sales are 35% ahead of last year's. Revlon still dominates the fragrance scene with two sku's of Jontue and three put-ups of Charlie in the top 10. Matchabelli's Chimere, and Enjoli from Charles of the Ritz, have moved up steadily since their introductions and now represent an important segment of the fragrance market. The big surprise in this year's PMA is Faberge's Babe which is ranked No. 8.

Jacqueline Cochran's Cie, although not on this PMA, is expected to place high by the end of the season. Coty's new entry, Sophia, will also do well as Coty will give the brand heavy support.

Lack of advertising throughout the year for all but a few men's fragrance lines, however, has taken its toll, especially in franchised lines. Despite predictions of 10% increases in the growth of men's fragrances,

(Continued on page 8)

H&BA

Figures for the Feb. 1-Sept. 15 period were supplied by Boston Distributors, a division of Cook United, Maple Heights, Ohio. The figures cover 320 stores, including 290 discount department stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PEGGED COSMETICS			
1	Krazy Nails Kit 81612	14,040	$5.98	$83,959
2	Lee Nails 122W	5,263	6.49	34,157
3	Maybelline Great Lash Masc BLK 175M	7,494	2.25	16,862
4	Cover Girl Professional Masc BLK 04656	7,120	2.35	16,732
5	Maybelline Blush Brush PCH 195PB	5,448	2.75	14,982
6	Maybelline Automatic Pencil BLK 100C	8,454	1.75	14,795
7	Maybelline Blooming Colors Plum 200DP	5,259	2.75	14,462
8	Maybelline Fresh Lash Masc BLK 195M	6,210	2.25	13,973
9	Maybelline Ultra Bit Ultra Lash BLK 150ML	6,936	1.95	13,525
10	Maybelline Brush Blush Pink 195PB	4,890	2.75	13,448
11	Maybelline eyebrow Pen BLK 59TC	12,018	1.10	13,220
12	Cover Girl Pr Pdr Medium 448	5,192	2.50	12,980
13	Cover Girl Pr Pdr Brunette 456	5,192	2.50	12,980
14	Maybelline Fresh Lash Masc Brwn BLK 195M	5,676	2.25	12,771
15	Maybelline Auto Pencil Drk Brwn 100C	6,846	1.75	11,981
16	Maybelline Great Lash Masc Brwn/BLK 175M	5,256	2.25	11,826
17	Classic Nails CN 12	1,961	5.99	11,746
18	Corn Silk Pr Pdr Micron 6739	4,044	2.89	11,687
19	Cover Girl Pr Pdr Crmy Ntrl 422	4,572	2.50	11,430
20	Cover Girl Long N Lush Masc Dp BLK 1040	5,020	2.25	11,295
	LADIES' FRAGRANCE			
1	Jontue Spray 0.6 oz #3434	2,281	4.95	11,291
2	Coty Wild Musk Spray 1.5 oz #298	1,951	5.00	9,755
3	Enjoli Spray 0.5 oz #1305	2,280	4.00	9,120
4	Charlie Spray 1.7 oz #9116	922	9.00	8,298
5	Charlie Spray 0.4 oz #3437	1,672	4.95	8,276
6	Jovan Musk Spray 2 oz #JF994	900	8.50	7,650
7	Chimere Spray 0.75 oz #3800	1,327	5.50	7,299
8	Charlie Splash 2¼ oz #0686	760	8.50	6,460
9	Babe Spray Non-Aerosol 2 oz #2112	910	7.00	6,370
10	Jontue Natural Spray 2.5 oz #6670	669	9.50	6,356
	MEN'S SINGLE-BOTTLE FRAGRANCE			
1	Old Spice After Shave #3710 4.25 oz	19,536	3.30	64,469
2	Old Spice Cologne Orig #3720 4.25	6,756	4.75	32,091
3	Aqua Velva Ice Blue 16 oz	8,352	3.78	31,571
4	Old Spice A.S.L. 3711 8.5 oz	5,304	5.75	30,498
5	Brut 33 Splash 7 oz	8,346	3.50	29,211
6	Mennen Skin Bracer 6 oz	11,436	2.51	28,704
7	Lectric Shave Regular 7 oz	9,105	2.81	25,585
8	Aqua Velva Ice Blue 8.5 oz	6,156	3.43	21,115
9	Jovan Musk A.S.L. Men JF901	2,301	8.00	18,408
10	Brut 33 After Shave 5.1 oz	5,220	3.50	18,270
11	Mennen Skin Bracer 4 oz	10,278	1.59	16,342
12	Jovan Musk Spray JF902	1,761	8.50	14,969
13	Aqua Velva Ice Blue 4 oz	7,002	1.92	13,444
14	British Sterling Cologne 2 oz	2,469	4.50	11,111
15	British Sterling Cologne 3.8 oz	1,295	7.50	9,713
16	British Sterling After Shave 3.8 oz	1,468	6.50	9,542
17	British Sterling A.S.L. 2001	2,447	3.75	9,176
18	English Leather After Shave #913 4 oz	2,231	4.00	8,924
19	Jovan Sex Appeal 4 oz JF941	1,044	8.00	8,352
20	Old Spice Lime #3500 4.25 oz	2,424	3.30	7,999

ShopKc Readies 2 More Stores

GREEN BAY, Wis.—Within the next 30 days, ShopKo will open two new stores—one in Kenosha at the end of this month, and another in Janesville at the beginning of November.

Each store will host a variety of special service areas including pharmacy, optical, home improvement and discount book center.

RUST CRAFT HAS PEOPLE POWER.

Because people manage inventory best.

Rust Craft is the only greeting card company that has its own special team of inventory management specialists and sales coordinators. It's the only way to go. You get maximum ROII because the Rust Craft team makes sure you get the right merchandise, at the right time and in the right quantity. They work in-store on a day-to-day basis, so they're in the best position to know your special opportunities and how to capitalize on them.

The people power of Rust Craft is profit power for you. Another important part of our innovative The Rust Craft Turn-Key Profit Program. It's less work and more pay. Turn-Key Profit Program.

To learn how our Rust Craft inventory management team can turn bigger profits for you call or write Al Vickowski: Rust Craft Greeting Cards, Inc., Rust Craft Road, Dedham, MA 02026, (617) 329-6000.

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Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Nonstick Ware Among Basics Staying Hot

By Harold Rubin
President
HalMar Inc., Distributors

Discounters seem to have successfully adjusted housewares merchandising to cope with the fluctuating economy by sharply focusing on traditional fast-turning staples such as cookware with nonstick finishes and eight-piece glassware sets.

The Product Movement Audit report for the Jan. 1 through Aug. 6 period, covering the months with the widest shifts in the economy, denotes this responsive merchandising—the top items in all 10 categories were old reliable products such as 20-pc. Corelle sets in tabletop, Ekco Baker's Secret bakeware in cookware, large-size wastebaskets and laundry baskets in Rubbermaid and Menu-ette sets and small portion microwave cookware in Corning Ware.

That discounters and other retailers have been relying heavily on housewares basics is evident from the 100 items that made the PMA, 86 of which were among the top 100 best sellers in the previous report.

Of the 14 items not on the last report, 13 were housewares that appeared on earlier PMAs. Only one item is new to the chart—a 2½-qt. Corning Ware casserole in the French White

(Continued on page 29)

Up 'n' Comers

The following "High Risers" chart lists items (and their rank) that have moved up five or more places from the previously published HalMar Distributors housewares PMA. In addition, under the heading "New Items" are items (and their rank) that are appearing on the chart for the first time.

HIGH RISERS

Category/Item	Rank
GLASSWARE	
Libbey 9-oz crystal sham	10
COOKWARE	
Mirro 9-cup percolator	10
GADGETS	
Gemco food chopper	9
PLASTICS	
Lustro-Ware 1-gal sq dcntr	4
Lustro-Ware 70-oz rnd dcntr	5
Lustro-Ware dust pan	10
CLEANING & CHEMICALS	
Texize 32-oz Fantastic	3
Johnson 16-oz Jwax Brite	7
Drackett 10-oz Endust	9
Johnson 14-oz Wood Pledge	10
RUBBERMAID	
10 3/4" Drainer tray, gd	6
Twin sink dish drain, choc	10
CORNING WARE	
6-cup Teapot, Wildflower	10
NEW ITEMS	
CORNING WARE	
2½-qt Cssrle, Frnch Wht	6

HOUSEWARES

These housewares figures are for the Jan. 1-Aug. 6 period. They were supplied by HalMar Distributors, Holyoke, Mass., and cover more than 500 stores, including 400 full-line discount department stores from New England to the Carolinas. Average retail prices listed by the distributor reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
TABLETOP					
1	1	Corelle 20-pc set, gold	10,362	38.69	400,985.78
2	2	Corelle 20-pc set, green	9,573	38.69	378,379.37
3	3	Corelle 20-pc set, Woodland	8,725	38.69	337,570.25
4	4	Expressions 20-pc set, Indn Smmr	4,039	63.89	258,051.71
5	5	Expressions 20-pc set, Meadow	3,714	63.89	237,287.46
6	6	Corelle 20-pc set, blue	4,747	38.69	183,661.43
7	7	Expressions, 20-pc set, Wildflower	2,684	63.89	171,480.76
8	9	Corelle 20-pc st, white	3,091	36.89	114,026.99
9	8	Expressions 20-pc set, Batik	1,486	63.89	94,940.54
10	10	Expressions 20-pc st, Blue Heather	1,380	63.89	88,168.20
GLASSWARE					
1	2	Libbey 12½-oz bev, Wht Spr, 8-pc	2,868	9.89	28,364.52
2	1	Anchor Hocking 24-pc st, Nwprt Gld	2,295	12.15	27,884.25
3	4	Libbey 12-oz bev, Oriental, 8-pc	3,046	8.00	24,368.00
4	5	Anchor Hckng 11-pc tbl srvc st, prsct	1,816	11.69	21,229.04
5	3	Anchor Hckng 7-pc tbl srvc st, prsct	2,272	8.99	20,425.28
6	8	Libbey 6½-oz round wine Mr Pro	3,389	5.57	18,876.73
7	7	Libbey 8½-oz wine Mr Pro	3,384	5.57	18,848.88
8	6	Libbey 12-oz bv, Gold Savoy, 8-pk	2,476	7.46	18,470.96
9	9	Anchor Hckng 24-pc st, Nwprt Crstl	1,409	12.15	17,119.35
10	—	Libbey 9-oz crystal sham	32,000	0.53	16,960.00
COOKWARE					
1	1	Ekco 17¼" cookie sht, Bkr's Scrt	8,865	3.05	27,038.25
2	2	Ekco 13" oblong ck pn, Bkr's Scrt	8,681	2.78	24,133.18
3	3	Ekco 15¼" cookie sheet	7,277	2.78	20,230.06
4	4	Ekco 14½" roast pan, Bkr's Scrt	5,274	3.59	18,933.66
5	5	Ekco 12-cup mffn pn, Bkr's Scrt	5,588	3.32	18,552.16
6	7	Ekco 17¼" cookie sheet	7,877	2.06	16,226.62
7	9	Wear-Ever 10" Prmm fr pn, SlvrStn	1,370	11.24	15,398.80
8	6	Ekco 9¼" lf pn Bkr's Scrt	5,839	2.42	14,130.38
9	8	Ekco 13¼" ck sh, Bkr's Scrt	6,375	2.15	13,706.25
10	—	Mirro 9-cup percolator	1,821	7.19	13,092.99
GADGETS					
1	1	Swing-A-Way prtbl hnd cn opnr	7,851	3.59	28,185.09
2	2	Rhodes timer, white	3,279	6.29	20,624.91
3	3	Ecko cn opnr w/bttl opnr	21,931	0.82	17,983.42
4	5	Ecko 3-way can opener	11,965	1.25	14,956.25
5	7	Ecko can opener, plstc hndl	7,850	1.88	14,758.00
6	6	Rhodes timer, gold	2,250	6.29	14,152.50
7	4	Ecko 2⅛" barrel rolling pin	4,068	3.32	13,505.76
8	8	Ecko peeler	20,420	0.62	12,660.40
9	—	Gemco food chopper	5,159	2.24	11,556.16
10	9	Taylor hang/stand oven thermometer	4,393	2.51	11,026.43
PLASTICS					
1	3	Lustro-Ware 11-qt hv dt pl, almnm	4,974	2.60	12,932.40
2	1	Demand Mkt Ssm Strt tmblr	9,705	0.98	9,510.98
3	7	Castel Sporkit spn/frk srvr	8,615	1.07	9,218.05
4	—	Lustro-Ware 1-gal sqr dcntr	3,269	2.78	9,087.82
5	—	Lustro-Ware 70-oz rnd dcntr	4,383	1.97	8,634.51
6	6	Republic 1-pt uprite Frztt	3,182	2.69	8,559.58
7	5	Republic 1-qt uprite Frztt	3,167	2.69	8,519.23
8	9	Alabaster 16-oz flute tmblr	12,527	0.62	7,766.74
9	4	Sterlite 4-pc Tblmt st, almond	2,599	2.96	7,693.04
10	—	Lustro-Ware dust pan	6,153	1.25	7,691.25

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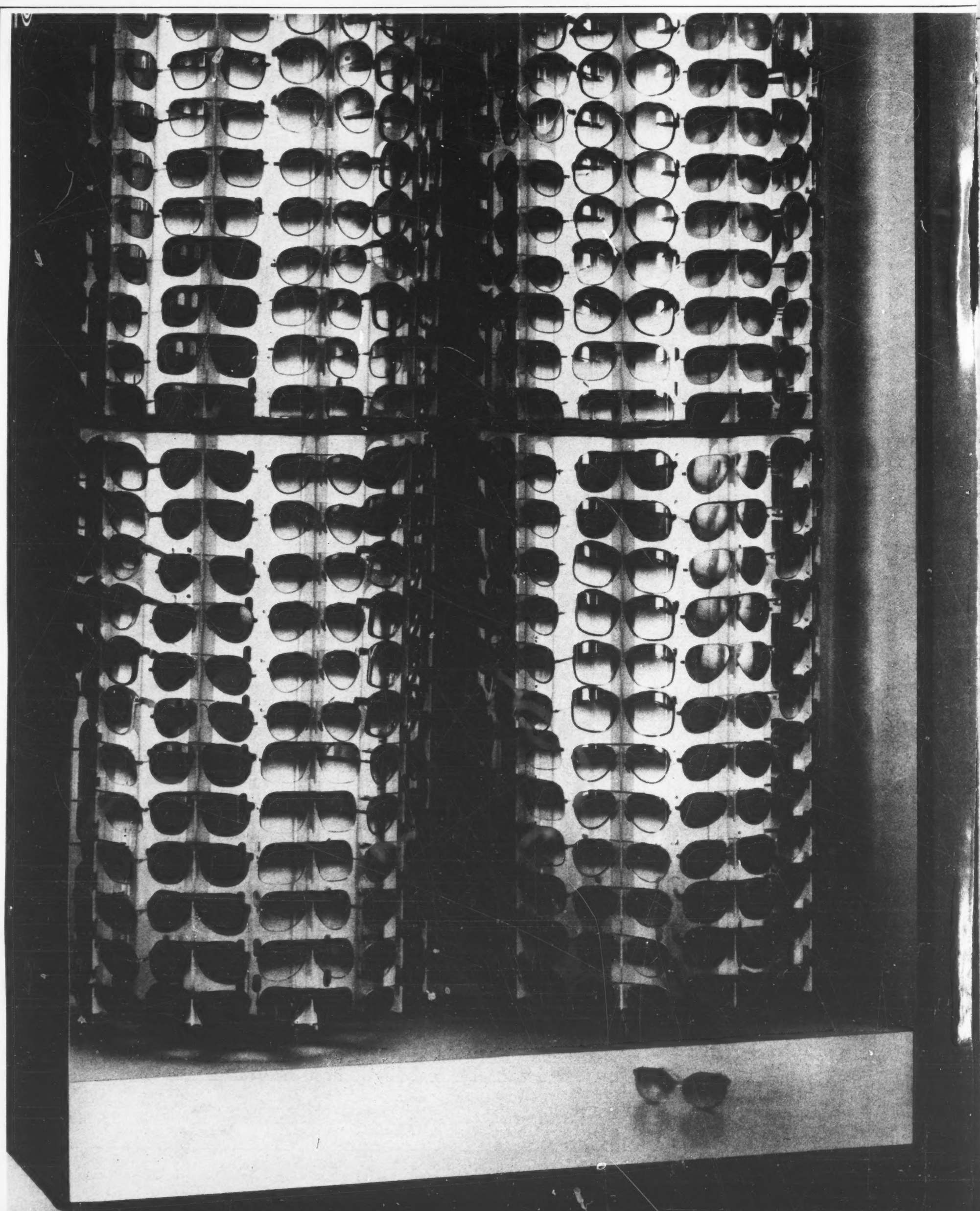


HOUSEWARES

(Continued from page 28)

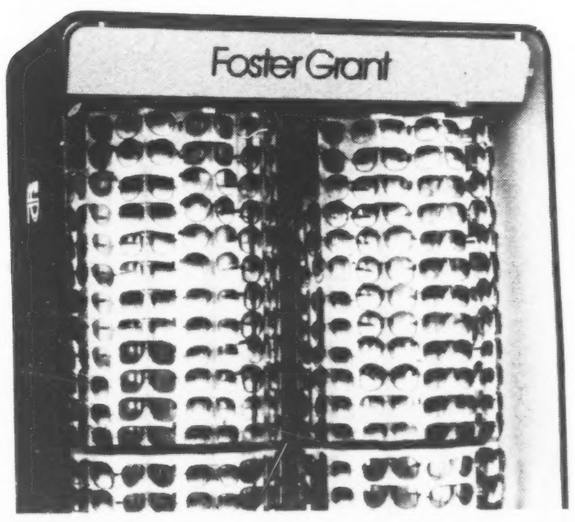
Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
CLEANING CHEMICALS					
1	1	White Labs 16-oz x 14 mildew remover	8,041	3.14	25,248.74
2	2	3M 16-oz Scotch Guard	4,149	4.94	20,496.06
3	—	Texize 32-oz Fantastic	8,747	2.33	20,380.51
4	4	Johnson 14-oz Lemon Pledge	5,880	2.87	16,875.60
5	3	Drackett 32-oz Draino	4,766	3.14	14,965.24
6	10	Johnson 27-oz Future	3,708	3.77	13,979.16
7	—	Johnson 16-oz Jwax Brite	4,812	2.51	12,078.12
8	7	Texize 64-oz Fantastic rfll	3,358	3.50	11,753.00
9	—	Drackett 10-oz Endust	4,058	2.87	11,646.46
10	—	Johnson 14-oz Wood Pledge	4,019	2.87	11,534.53
BATH					
1	1	Selfix portable shower spray	2,849	8.55	24,358.95
2	2	Magnola molded toilet seat, white	1,627	9.44	15,358.88
3	3	Ekco 18" towel bar, chrome	5,983	1.97	11,786.51
4	5	Selfix shampoo spray	5,572	1.88	10,475.36
5	4	Ekco toilet tissue holder, chrome	5,263	1.97	10,360.11
6	6	Selfix twin hooks	8,259	1.07	8,837.13
7	7	Selfix toilet tissue holder	6,571	1.34	8,805.14
8	8	Ekco 12" towel bar, chrome	4,890	1.79	8,753.10
9	10	Ekco 24" towel bar, chrome	3,558	2.33	8,290.14
10	9	Magnola padded toilet seat, white	467	16.64	7,770.88
RUBBERMAID					
1	1	20-gal Refuse container	3,795	12.59	47,779.05
2	2	Self-closing wastebasket, choc	3,670	7.19	26,387.30
3	3	10 3/4" high Rctngle Indry bskt, choc	5,307	4.94	26,216.58
4	4	10 3/4" high Rctngle Indry bskt, gold	4,562	4.94	22,536.28
5	8	Deluxe dish drainer, choc	3,933	5.35	21,041.55
6	—	10 3/4" Drainer tray, gold	4,098	4.94	20,244.12
7	5	Self-closing wastebasket, gold	2,638	7.19	18,967.22
8	9	Covered wastebasket, choc	2,485	7.19	17,867.15
9	10	Deluxe dish drainer, gold	3,295	5.35	17,628.25
10	—	Twin sink dish drain, choc	3,847	4.49	17,273.03
CORNING WARE					
1	1	Menu-ette set, Cornflower	8,916	17.99	160,398.84
2	3	Grab-it set	5,328	9.62	51,255.36
3	2	Sidekick	6,418	7.46	47,878.28
4	6	Cass-ette	5,440	6.56	35,686.40
5	5	Menu-ette set, Spice	1,431	24.29	34,758.99
6	—	2½-qt Casserole, French White	2,061	16.55	34,109.55
7	7	Menu-ette set, Wildflower	1,368	24.29	33,228.72
8	10	6-cup Teapot, Spice	2,049	15.74	32,251.26
9	4	Kitchen Starter set, Spice	757	40.04	30,310.28
10	—	6-cup Teapot Wildflower	1,920	15.74	30,220.80
PYREX					
1	2	3-qt Oblong bake dish	16,870	4.67	78,782.90
2	1	3-qt Bake dish w/basket	5,941	13.04	77,470.64
3	3	Bake 'N Serve set, Fireside	5,840	12.32	71,948.80
4	4	2-qt Casserole w/basket	4,588	13.04	59,827.52
5	5	2-qt Bake dish w/basket, Fireside	5,612	8.36	46,916.32
6	6	1-cup Liquid measure	24,023	1.79	43,001.17
7	7	1-pt Liquid measure	18,002	2.33	41,944.66
8	8	4-pc Mixing Bowl set w/handle, green	3,038	13.04	39,615.52
9	10	2-qt Oblong bake dish	9,342	4.22	39,423.24
10	9	1½-qt Casserole w/basket, Fireside	5,117	7.46	38,172.82

Masters Net Off 44.7% Despite 2nd Qtr. Rise

WESTBURY, N.Y.—Despite a 16.4% increase in its second quarter earnings, Masters Inc. reported a 44.7% decline in its first half net income, as compared to the same periods last year.

First half earnings dropped to $459,167 ($0.38 per share), compared to a net income of $664,385 ($0.56 per share) for the same period in 1979.

What good is a great display, if they've never heard of the name that's on it?



For all intents and purposes, Foster Grant invented the sunglass display.

Today every Tom, Dick and Harry in the business has them. And some of them are pretty darn good-looking, too.

But we urge you to consider the condition of tomorrow's marketplace before you commit a single square foot of precious floor space to this coming year's sunglass business.

Because the consumer has changed.

That money in his or her pocket is shrinking. It's getting tighter than his or her jeans. And it looks like it's going to keep going that way.

Which means, if you read the papers or listen to the pundits, that this country's consumers are not going to be taking any chances with it. They'll be looking for the names they know, because they are the only brands they can trust.

Be sure the name on your racks is Foster Grant. FOSTER GRANT LEOMINSTER, MA 01453

Foster Grant

The brand they trust is the name they know.

Discount Store News

PMA® PRODUCT MOVEMENT AUDIT

Nonstick Ware

(Continued from page 28)

design.

This item has been around since the start of the year, but tonnage quantities became available in the past few months so the current report is the first to spotlight heavy demand for the product in the Northeast.

Discounters have been noting that housewares volume has more than maintained previous levels, with the department capturing a greater share of total store sales.

This situation is evidently due to heavy customer demand for basic items in the department. Cleaning and chemicals is a major consumable area, with homemakers regularly returning to discounters for the cleaners, waxes and polishes that make up this section.

Discounters, in their efforts to be on top of the action in basic housewares, haven't lost sight of the trade-up potential in the category through the merchandising of fashion and quality step-up.

Merchandising involving the former is evident in the Rubbermaid area, where chocolate and gold were the colors for nine of the 10 items; and in Pyrex where goods in basket holders accounted for four listings and where the Fireside fashion was responsible for three listings, including one of the products with a basket holder.

Product improvement as the key to tradeup is most pronounced in the cookware listing, where seven of the items feature either the Baker's Secret or SilverStone nonstick finish.

Balancing the trend to trade up housewares was the continued use of items for price specials. In glassware, Anchor Hocking 24-pc. sets in clear or gold glass at an average of $12.15 showed up in the No. 2 and 9 spots as discounters and other retailers featured this merchandise in promotions. Large-size containers accounted for high movement in the cleaning and chemicals area because discounters played up the savings potential offered to shoppers buying these sizes.

The diverse merchandising possibilities of housewares—supply basic everyday products while also going after tradeup and featuring price specials—accounted for the category's strong showing in the past eight months.

March of Dimes Names Zayre's Berkovitz

FRAMINGHAM, Mass.—A Zayre executive has been elected to the executive committee and board of directors of the March of Dimes' Massachusetts Bay chapter. Stanley Berkovitz, vice president and director of consumer and community affairs at the chain, led employee fund-raising efforts that resulted in Zayre making a record corporate commitment to the charity's Superwalk program.

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Housewares Seminar: Pp. 2, 19-25

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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It's Christmas as Usual in Well-to-do Houston

Tale of 2 Cities: a Contrast in Economies, Sales

By Chris Haggerty

"Christmas is Christmas," said one woman who had just been shopping at a Target in Houston. "I'll probably be spending a little more than last year."

This answer reflects the attitudes shared by most customers polled by DSN in Houston about their Christmas plans. These consumers weren't feeling the economic pinch as were shoppers polled in recession-worn Cleveland—where most plan to chop Christmas spending by half or more.

Whether they live in Houston or Cleveland, however, discount store customers are shopping the ads and becoming more price-selective today than ever before. What makes "business as usual" more difficult in Cleveland is consumer cutbacks on impulse purchases.

In Houston, shoppers were leaving the stores with both unplanned as well as planned purchases, while most customers in Cleveland had stuck to shopping lists composed before they entered the store.

This fallout in impulse shopping has virtually destroyed the primary benefit and purpose of promotional activity—to draw traffic to higher-grossing departments. In Cleveland, this fallout has led to declines in store sales and profits and a succession of cost-cutting measures at store level.

Those were some of the findings of a DSN study of the Cleveland and Houston markets, representing the Industrial Belt and Sunbelt, respectively, to determine how the economic climate of each market has affected consumer buying patterns and store operations.

Houston, with its low unemployment rate of 4.6% (August figure) and average after-tax household income of $25,520, continues to be a fast-paced growth market for many discounters including Target, Woolco, and T.G. & Y.

Cleveland cannot boast of similar economic health. The city has suffered along with the auto, rubber and steel industries that account for a large part of its citizens' employment. Unemployment rates have hovered around 8% in recent months, and reductions in work hours hurt those still employed.

DSN polled store managers and discount store customers to gauge reactions to the different dynamics of each market.

The most striking contrast between the areas was in impulse sales activity. One mother of three had driven out of her way to pick up specific items on sale at the Zayre store in Brook Park, a suburb of Cleveland. "I only buy ad items," she explained. "I sit back and wait until an item I need is on sale. I usually shop at the K mart near my home but Zayre's sale on paper products this week made it worth the trip."

Most consumers surveyed in the Cleveland market spoke of considerable cutbacks in impulse purchases, and store managers there were well aware of this market trend. "There's a lack of confidence in

(Continued on page 29)

Patrons Cut Gift Plans in Depressed Cleveland

CLEVELAND—The lack of confidence in the economy that has put a crimp in impulse sales activity in the Cleveland market is also reflected in consumers' conservative plans for Christmas there.

Discounters in the area have responded by predicting stable or minimal sales increases this coming holiday season, and have adjusted inventories accordingly.

A majority of discount store shoppers surveyed by DSN in Cleveland said they would be paring down Christmas expenditures by half or more.

"We've already bought our two boys their 'big' Christmas present," said one customer shopping a K mart with his family. "In years past, we usually spent about $100 on each kid. But this year we didn't spend more than $25 on each of them—and that includes clothes and toys."

Uncle Bill's, one chain that has been hard-hit by the sales slowdown, will be a little more selective on electronic toys, more prudent in its buying of trim-a-tree items (to eliminate excess markdowns), and will concentrate on the age-old basics in toys and clothing, according to one store manager.

Inventory quantities have been cut in traffic appliances, he added. The chain is projecting slightly lower sales than last year's, and no increases in promotional dollars for seasonal advertising.

A K mart manager projected single-digit increases over last year's Christmas sales for his store. "No one is going to drop a lot of money on kids this Christmas," he explained. "They'll be doing what they did for back-to-school—shopping every ad that came out. The competition is going to be fierce."

Zayre stores in the market will benefit from a slightly accelerated advertising program this Christmas, according to Malcolm Sherman, executive vice president and general manager. "We're really excited by what we're coming out with in our circulars, radio and TV advertising for the season," he added.

Zayre's headquarters management is predicting only slight sales increases over last year's Christmas performance for the 10 Cleveland metro stores, Sherman said.

Most Top Discounters' September Biz Gains Beat August's

Chain	Sept. 1979	Sept. 1980	Dollar Gain	Percentage Gain
Wal-Mart	$ 94,000,000	$ 120,000,000	$ 26,000,000	27.7%
Caldor	51,604,000	58,430,000	6,826,000	13.2
K mart	1,168,982,000	1,309,460,000	140,478,000	12.0
Zayre	121,099,000	135,403,000	14,304,000	11.8
Murphy's Mart	64,545,000	71,610,000	7,065,000	10.9
Venture	46,300,000	50,600,000	4,300,000	9.2
FedMart	89,100,000	94,700,000	5,600,000	6.3
T.G. & Y.	112,052,000	117,923,000	5,871,000	5.2
Woolworth[a]	629,040,000	658,163,000	29,123,000	4.6
Federated[b]	57,700,000	57,500,000	(200,000)	(0.5)
Ward[c]	482,756,000	504,068,000	21,312,000	4.4
J. C. Penney	1,008,000,000	1,031,000,000	22,000,000	2.2
Sears[d]	1,736,206,623	1,669,362,803	(66,844,780)	(3.9)

(a) Consolidated sales. (b) Discount store division sales. (c) Combined retail divisions. (d) Retail sales only. ( ) Decrease.

Most leading discounters registered stronger sales gains in September than in the previous month as the nation's economy continued to show signs of coming out of the recession. Discounters, overall, continued to perform better than the Big Three—Sears, J. C. Penney and Ward—with Ward showing a sales increase compared to a decrease the previous month.

Wal-Mart again topped the discounters in percentage sales increase, but its 27.7% gain was under the 40% achieved in August and below the 30%-plus that the regional chain has been checking out in previous months.

The discounters that registered higher sales gains in September than August included Zayre, K mart, Murphy's Mart, Venture, and FedMart. Most of them had gains that outpaced the nation's rate of inflation, thereby scoring real growth in volume.

K mart's 12% sales increase marked the discounter's return to double-digit growth as compared with the 9.6% advance registered the previous month. Sears, meanwhile, had a 3.9% sales decline compared with a 1.1% drop in August.

Quilted, cloth and natural fiber place mats with coordinated napkins take display space from their vinyl counterparts in this gondola run at Bradlees' East Brockton, Mass., store. *(DSN photo)*

Quilted Place Mats Sew Up Rising-Star Role in Domestics

By Laura Mulcahy
Domestics Market Outlook

Quilted place mats have the jump on the spring 1981 kitchen domestics market, thanks to last season's coordinate emphasis and manufacturers' new prolificness, both springboards to heated activity in the category.

Buyers emphasized enthusiastically for spring (and, for those buying closer to season, Christmas) heavy mat programs in quilted cloths and stepped-up commitments to natural fibers.

De-emphasized were vinyl place mats, in response to growing consumer disinterest in staples, and tablecloths in all fabrications, to beef up high unit-volume place mat business.

"The unit volume is absolutely incredible. I don't see an end to it," said Dan Ryan, a Target buyer.

Ryan anticipates place mats will do $1 million to $2 million in the spring, more than doubling the classification's sales contribution to kitchen domestics.

"We've been developing kitchen domestics and expanding place mats for the last year and one half, and we bought accordingly for spring," said Ryan, who pared basics from 50% to 30% of the mix and increased quilteds and straws. With 6-10 solid and 8-20 print offerings, he expects sales to in-

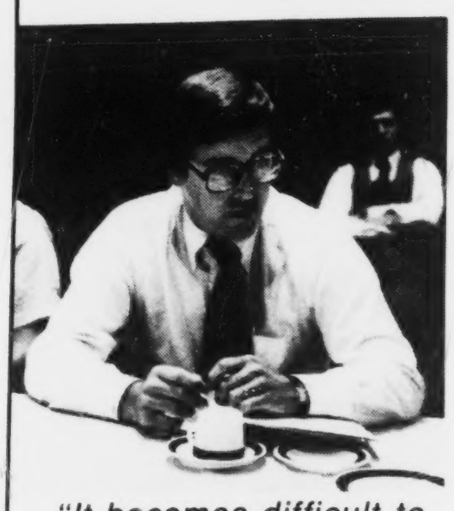
(Continued on page 26)

The Touche Ross Management Development lesson appears on p. 6.

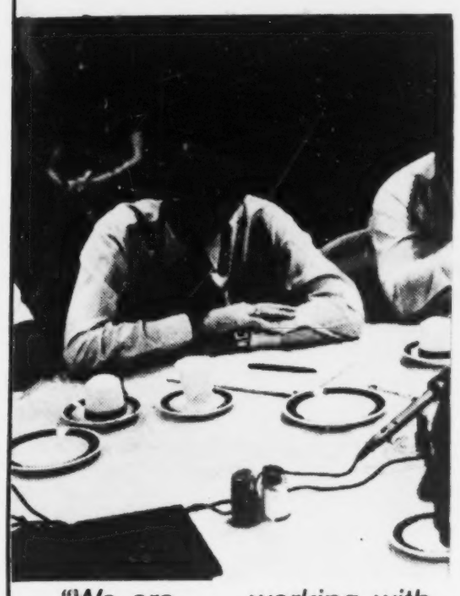
Are Name Brand Promos a 'Double-edged Sword'?

They Up Traffic, Lose $$, Housewares Panel Told

The outlook for housewares and small appliances in the face of the weak economy was the topic of a recent DSN panel. Retailer participants included Angelo Bianco, assistant vice president, Jamesway; Alan Long, vice president, merchandise manager, hard lines, Magic Mart; Ron McDiarmid, dmm, hard lines, Zodys; Jim Peters, dmm, Hills, and Dean Stokes, dmm, Cook United. Manufacturer participants included Ed Donaldson, vp, marketing, Rubbermaid; Bill Foley, manager, marketing services, Anchor Hocking; Dick Gonzalez, vp, advertising, Norelco; John J. Higgins, vp, product marketing, Moulinex; Paul Miltenberger, national marketing manager, and Terry Nauslar, marketing manager, Reynolds Metal; Jack O'Dea, retail sales development manager, Corning Glass, and David Weger, national sales manager, Panasonic.



"It becomes difficult to build traffic using national brands unless you are willing to lose money."—Jim Peters, Hills.



"We are . . . working with our major suppliers on better ways to replenish."—Alan Long, Magic Mart.

Stu Horton: Thank you for coming. We want to get down to basics, so let's find out from the discounters what the prognostication is as to housewares for the rest of the year in this economy. Then we can have some give-and-take on how we are going to make housewares a better category in the remainder of 1980.

Angelo Bianco: Well, I think packaging will play a very important part as far as telling the consumer why they need that product, and why it is a necessity rather than a luxury. That's the key. I think we all have to realize that we can't continually mark our merchandise up and up, because eventually we are going to get out of price range.

There is just so much money that can be spent. Deduct the utility bills and energy-related products and there is just so much that is left. It is going to be spent on a consumer product that is needed, that is a must for their household. If you can't get that across, then we are not going to sell the product. As far as an edge is concerned, it is a twofold thing. The item has to be in demand, and it has to be explained to the consumer. Then it's our job to make sure that we have it on our shelves at the right price.

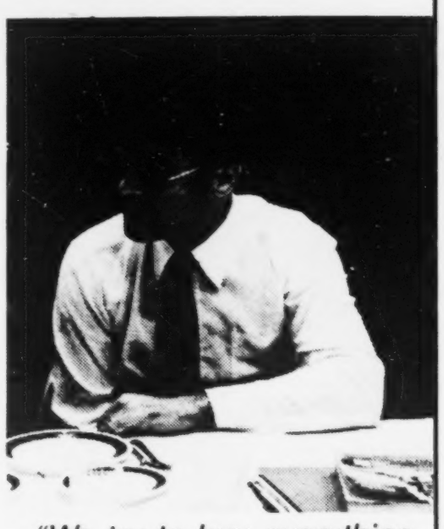
David Weger: I am curious. In a soft marketplace such as ours, do you see the retailer forming and putting together price reductions, using top name brands as opposed to brand X products? Will you be staying with name brands as opposed to the off-shoot items, and will you be running more ads at an intensified level for consumer appeal with price? Does that seem to be the trend for a soft marketplace?

Jim Peters: I would like to respond to that. National brands are a double-edged sword. Most of us will agree that we are working on lower markups with a lot of the national brands. That makes it more difficult to come across to the customer with a value image because your everyday price is based on a lower margin.

It becomes difficult to build traffic using national brands unless you are willing to lose money. I think that might be the danger for the rest of the year—to fall into the trap of losing money on promotional items. We have dangerously low markups up front, so where do you go from there?

(Continued on page 19)

"We have budgeted for a fall sales increase and with this in mind we have increased our inventory accordingly."—Ron McDiarmid, Zodys.



"We try to buy everything we promote on a direct basis."—Angelo Bianco, Jamesway.

Frank and Hays Resume Chain Prexy Positions

Special DSN Report

Hal Frank and Thomas Hays have resumed their previous positions as president of Bradlees and Venture, respectively, causing some industry tongues to wag.

Frank, who left Bradlees a few months ago to "go home to Abraham & Straus," resumed his still-open position at Bradlees for "family considerations," according to a spokesman.

In St. Louis, Hays returned as president and chief executive officer of The May Co.'s Venture, replacing Ira Quint who had headed the chain for only 16 months.

The official explanation of Quint's departure cited his interest in pursuing "other business interests."

But speculation on the change centers on Venture's still lackluster performance years after the chain bit off a big part of Chicago with its acquisition of Turn-Style.

Quint had been expected, because of his merchandising background, to perk up Venture's sales performance through merchandising strategems. His department store background was considered a plus in that area.

Hays, who is familiar with Venture from his previous term as president, is a financial man.

"There may have been some conflict, or confusion on the operations side," explained one Venture insider. "The feeling in the company is that Hays is expected to coordinate, with his discounting background, the operations and financial sides more effectively than Quint."

Quint's experience at Sears, Roebuck also worked against him at Venture. While insiders cited his energy (a "ball of fire"), they also said he "locked himself in his office and expected his staff to execute," as it had at Sears.

"But in this industry, where if you don't do it it doesn't get done, that's the wrong move," said a Venture executive.

"You can't bring in a department store guy and expect him to do the job," said another Venture executive. "Hays has the background to understand and improve our operations."

Venture's Hays

Bradlees' Frank

Commentator Levine Urges More Worker Productivity

MBS Show Shoppers to Focus on Basics

MIAMI BEACH—Discounters attending the Merchants Buying Syndicate MultiMart '80 show here last month reported that sales so far hadn't reflected any major economic upturn, and that staple goods were the only merchandise selling consistently.

Fourth-quarter plans, they said, are to sharply focus on basics to guard against further sales erosion.

One merchandiser explained: "We want to maintain our base, even though we may miss out on any possible big fourth-quarter jump in the economy."

While discounters shopping the show were eying the immediate economic situation, the long-range outlook was discussed by NBC News economic affairs correspondent Irving R. Levine, the featured speaker at the 31st semiannual exhibition.

Levine's prescription to solve the nation's long-term economic problems was to increase workers' productivity and encourage business investments in plants and equipment.

Productivity in the United States, he reported, "has been declining while it is increasing in the major competitor nations." The decline in productivity, he added, "has made the inflation problem worse . . . and the current high level of inflation will make our recovery slower and more difficult."

Levine, however, pointed to some hopeful signs for the future.

"There is a clearer understanding in Congress and among the Presidential candidates that any long-range solution to inflation depends on increasing and improving productivity," he said.

There is also the realization that the nation "needs a more favorable tax climate for industry to make investments to increase productivity through new technology and other methods . . . and a need to reduce Government regulations that result in higher costs."

Energy is the other major economic problem facing the nation. "We need to be self-sufficient to overcome the whims of OPEC," Levine declared. "The Congress and the Administration now realize that this is feasible only when there are price incentives to support energy development."

The long-range answers to solving the problem of inflation aren't seen as having the same adverse impact on the country as the immediate short-range solution. Levine said that this is "the current painful recession."

The newscaster asserted that political efforts have resulted in the major candidates "outdoing each other in ways to stimulate the economy and reduce unemployment."

He noted, in response to a question, that the proposed tax cuts "are really a lessening of scheduled tax increases." Higher social security rates and other mandated tax increases will offset the proposed tax cuts, he said.

"In the past we have faced problems of equal and even greater magnitude and we have survived and improved our nation," he said. "The reason is that the private economic sector is resilient, innovative and ready to take the risks to make changes.

"If the forces of competition and the open market fully come into play, then inflation can be countered," he asserted.

NMRI Conference Set

NEW YORK—The National Mass Retailing Institute (NMRI) will hold its third annual financial conference for discount industry executives at the Fairmont Hotel in Philadelphia on Nov. 17-19.

In This Issue...

SCHOOL HEYDAYS. Writing instruments were the leading BTS sales growth category, according to the PMA from Boston Distributors. P. 11.

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Vol. 19, No. 22 Nov. 3, 1980

Discounters' Margins, Pretax Net Rise; Sales/Ft. Dip

Conventional Stores' Sales/Ft. Jump But Pretax Net Drops

Nationwide DSN Report

Discounters boosted their gross margins by 3.6% and their pretax income by 1.2% but saw sales per square foot fall by 60¢ in the 1979-80 fiscal period.

Conventional department stores, in these key fiscal measurements, showed markedly different results: Gross margins remained flat and pretax income dropped 8.2% but sales per square foot jumped 6.5% or $6.92.

The figures for discounters cover chains that had sales in the $100 million-$260 million range. The figures for conventional department stores cover chains with volume over $100 million.

The discounter statistics came from the National Mass Retailing Institute's Operating Results of Self-Service Discount Department Stores 1979-80, and cover about 15 firms, most of which reported results for the 1978-79 and 1979-80 fiscal periods.

Conventional department stores' information came from the National Retail Merchants Association's Financial and Operating Results (FOR) report, with 28 firms generating a total of just over $6 billion in sales reporting for the 1979-80 period, and 29 companies producing $6.2 billion in volume reporting for the 1978-79 period.

Discounters' gross margins hit 30.73% from 29.65% while conventional department stores had a much smaller increase, going from 42.32% to 42.61%. The big jump in discounters' margins reflects the continuing effort to trade up lines.

The discounters' improved gross margins helped to boost pretax income from 4.14% to 4.19%.

The flat gross margin for conventional department stores, coupled with higher expenses, helped reduce their pretax income to 5.45% from 5.94%.

Discounters' sales per square foot remained flat at $90.45 compared with $91.05 in the previous fiscal period while conventional department stores had a big jump to $113.44 from $106.52.

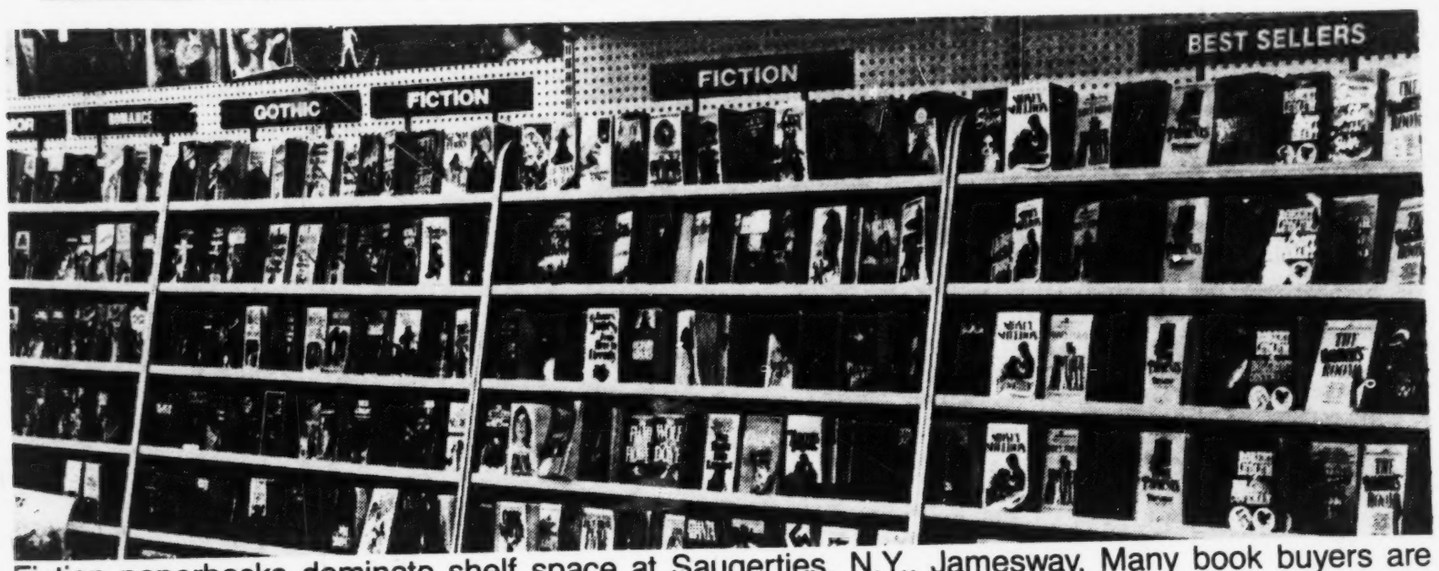
The diverse results reflect the fact that discounters continued to offer a broad assortment of low-cost merchandise, particularly such hard goods as automotive and household chemicals, gadgets and health and beauty aids.

Conventional department stores, on the other hand, emphasize high-priced designer brand apparel, and merchandise hard goods in departments that use minimum footage. Their hard lines effort is focused on higher-priced items such as console TVs.

While discounters and conventional department stores went different ways in these three financial areas, the two types of retailers followed similar trends in four other areas—turns, out of stock, leased department sales percentage, and sales-to-assets ratio—and showed markedly distinct results in cash sales as a percentage of total volume.

Both types of retailers improved turns slightly, discounters by 1.2% to 3.46 and conventional department stores by 2.1% to 3.34.

(Continued on page 30)



Fiction paperbacks dominate shelf space at Saugerties, N.Y., Jamesway. Many book buyers are moving slower-moving basics, romances and expensive hardbacks to promo sites. *(DSN photo)*

Promos, Discounts Help Restore Book Volume

DSN Nationwide Report

Discounters are experiencing revived book sales as buyers go heavier into promotions, fiction titles and, in some cases, children's books.

Discounting basics—merchandising the 20% of product that does 80% of the business—and aggressive promotions have played a large part in keeping sales hot at discount stores, while the retail book industry is generally stagnant.

Increased sales at most chains, compared to last year, are also being generated by refining mixes.

"It's a fashion business. You have to be flexible enough to change quarterly," said assistant Target buyer Marshall Hanson.

Book sales increased across the board for spring, with hardcovers up 31½%, paperbacks 27½%, children's 48½%, and magazines 13½% at the chain.

The newest addition is a top-10 selection of paperbacks, which has been excellent, Hanson said. He has emphasized a promotional push in the chain's 80-ft. departments, which have three tables and four endcaps. Those tables now display one-time buys of remaindered hardcovers, and seasonal promotions of cookbooks or Bibles, for instance.

Children's books are slated as a growth category.

"I want to expand sku's. The potential is in more sku's per square foot," Hanson said.

At Venture, children's books have been the "single fastest-growing category" for the last 18 months, buyer Mike Martin said, noting that sales are way up from last year's flat volume.

"We're showing an increase, and we're discounting books for the first time," Martin said. This year, the chain revised its pricing policy, discounting all books 10%.

Explained Martin: "There's more profit to be made that way, because the department is rack-jobbed with safe, standard margins. When we lower prices, although we are taking a bigger risk, we get better turns and thus make more money."

By tailoring the mix more carefully, the new approach works for the chain. Remainders, such as hardcovers originally priced at $15.99 and put on sale for $2.99 or 99¢, are one example.

"Our customers are looking for bargains. And we've found

(Continued on page 26)

Target Completes Ayr-Way Buy After Exhaustive Site Inspections

MINNEAPOLIS—Target has completed its purchase of the Indianapolis-based Ayr-Way chain for an undisclosed amount of cash.

An agreement in principle between Dayton Hudson, Target's parent, and Stephens Inc., the Arkansas-based investment firm which owned 71% of Ayr-Way's stock, was first announced July 15. At that time, industry sources put the purchase price at between $25 million and $30 million.

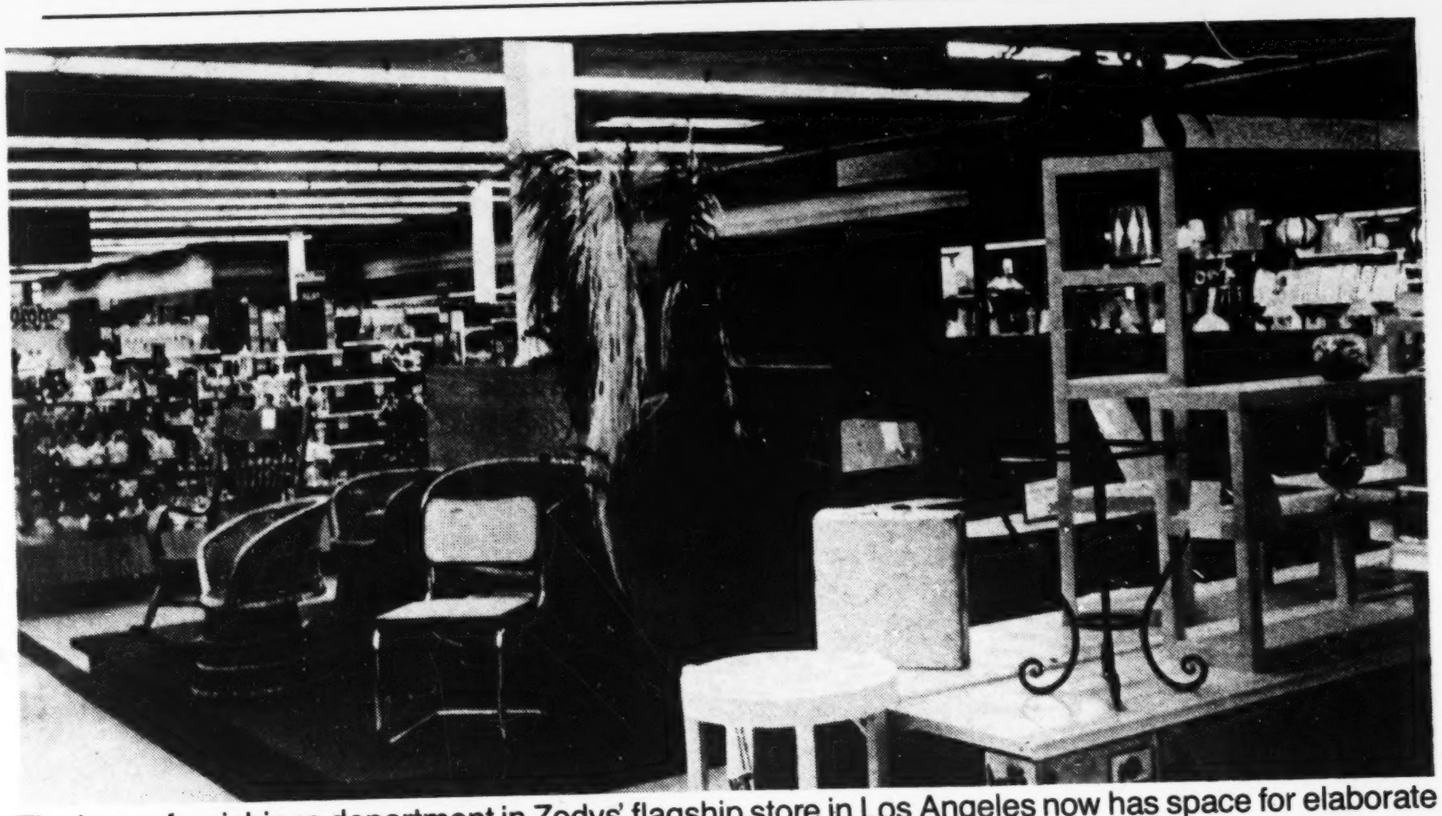
Target attributed the delay in consummation of the deal to an exhaustive on-site inspection of the Ayr-Way stores. A rumored FTC investigation of the takeover never materialized, "as far as we know," a chain spokesman told DSN.

With the addition of the Ayr-Way stores, which will operate under the Target/Ayr-Way banner for the next year and a half, Target will increase its operations from 13 to 16 states. Thirty-one of the Ayr-Way stores are in Indiana; the others are in Kentucky, Illinois and Ohio.

Industry watchers point out that the takeover, coinciding as it does with the massive remodeling and upgrading efforts of K mart's nine stores in that market, sets the stage for an interesting merchandise battle in the coming months.

Current plans call for the Ayr-Way staff to remain intact and for president Ronald G. Mayer to continue mending the chain, which has now become an operating region of Target Stores.

Fred Schmid, formerly director of store operations for Target, has been named vice president and regional manager of the Ayr-Way operating region. He will be responsible for store operations activities and will report to Mayer.



The home furnishings department in Zodys' flagship store in Los Angeles now has space for elaborate merchandise presentations as a result of a 20,000-sq.-ft. expansion and remodeling. *(DSN photo)*

Agreement Is Reached on $51M Sale Of 16 Jewelcor Showrooms to Wilson

WILKES-BARRE, Pa.—Jewelcor and H. J. Wilson at presstime reached agreement on Jewelcor's sale of 16 showrooms and a warehouse to Wilson for approximately $51 million, $40 million of which is for inventory.

Jewelcor this month plans to hold going-out-of-business sales in its Plantation and West Hollywood, Fla., showrooms, two of the three units in the Sunshine State that aren't being sold to Wilson. The West Palm Beach, Fla., showroom, so far, is scheduled to remain in operation.

The sale of the 16 showrooms in five Sunbelt States is part of Jewelcor's plan to restructure its operations to focus on the Northeast, where it will have 10 of its remaining 11 on-going showrooms and where the company plans to build an ethanol alcohol plant. (See DSN, Sept. 22, P. 3.)

A Jewelcor executive added that the sale of the showrooms would also reduce the firm's direct competition with other showroom operations so that the company would be in a better position to interest other catalogers in using the book published by the Jewelcor Merchandising catalog coordinating division.

Wilson's purchase of the showrooms would tie in with the company's efforts to expand in the Sunbelt where it has most of its 47 units. The acquisition would put Wilson into two new states, California and Arizona, while expanding its equity in Texas, Alabama and Florida.

(Continued on page 12)

Zodys Remodels Flagship Store, Adds 20,000 Ft.

LOS ANGELES—With an 80,000-sq.-ft. sales floor, Zodys' Hollywood flagship had been operating in "cramped quarters," according to chain president Arnold Suval. A 20,000-sq.-ft. addition and a total remodeling—both highlighted at a grand reopening last month—should have changed all that.

Apparel and The Home Store benefited most from the additional floor space, garnering 75% of it. The remainder was used to widen aisles and common areas and to provide room for increased merchandise presentation. (The chain did not add to the mix or change the price points at the store, which is its largest volume producer, according to Suval.)

With the old floor plan, Suval explained, there had been inadequate room for merchandise displays, traffic aisles were tight, perimeter walls weren't heavily merchandised and customers had difficulty finding things.

Moreover, shopping carts were barely maneuverable in the main aisles, let alone in the smaller department aisles, especially during peak sales periods.

The remodeling and expansion eliminated those problems.

- The typical T-fixtured main aisle has been replaced by a 20-ft.-wide race track, now wide enough to accommodate promotional tables.
- The store has been completely refixtured, with greater emphasis on Plexiglas cubes, waterfalls, circular racks and other accent fixtures.
- The perimeter walls are heavily merchandised.
- Gondola widths in some cases have been reduced from 4 ft. to 3 ft., while 54-in.- and 56-in.-high gondolas have been replaced with 72-in. fixtures.
- In apparel, the whole department has been completely upgraded and a 1,000-sq.-ft. Plus Sizes department (for larger-sized women) has been added. In addition, the floor space, which accounts for 40% of the

(Continued on page 5)

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National advertising. Scotch Recording Tape is backed up by powerful advertising again this year, including print and radio. The Scotch line will be in front of potential "recording artists" all year round.

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3M

Discounters' Margins

(Continued from page 3)

Out-of-stock, as a percentage of company-owned volume, became worse for both, with discounters increasing to 2.79%, a 12% decline in performance, while conventional department stores went up 10.1% to reach 2.40%.

Leased departments continued to account for a smaller share of the volume reported by both retailers. Lessees had only 4.17% of discounters' sales, a 96.6% decline, while in conventional department stores lessees accounted for only 5.62% of volume, an 8.8% drop.

In the vital sales-to-assets ratio, both retailers reported poorer results. The discounters' 2.76 ratio was a 9.2% drop; conventional department stores at 1.93 fell only 0.5%.

Cash sales as a percentage of total sales fell 2.7% in discount stores, going from 86.34% to 84%. Conventional department stores showed almost no change: 42.25% in the 1979-80 period compared to 42.11% in the previous span.

The drop in the use of cash to purchase goods in discount stores reflects the recession and the attempt by consumers to extend payment for merchandise over as long a period as possible through the use of charge cards, layaway and revolving credit. This use of plastic money has been common for conventional department store customers—witness the low cash-sales ratio—and is now growing among discount store shoppers, especially those trading down from conventional department stores.

The discount store study is available from the NMRI, 570 Seventh Ave., New York, N.Y. 10018 for $45 ($35 to NMRI members). The FOR report is available from the NRMA, 100 West 31st St., New York, N.Y. 10001, for $45 ($30 for members).

Stores Compared

	Discount Stores	Department Stores
Gross Margin	30.73%	42.61%
Turns	3.46	3.34
Sales/sq. ft.	$90.45	$113.44
Out of Stock	2.79%	2.40%
Leased Dept. Sales	4.17%	5.62%
Sales/Assets Ratio	2.76	1.93
Net Income (pretax) as % of Sales	4.19%	5.45%
Cash Sales	84.00%	42.25%

Masters Adds 12 Specialty Stores

WESTBURY, N.Y.—Masters at presstime began operating the 12 Village Casuals ladies' specialty stores in Texas it purchased in a bankruptcy sale for $625,000.

The stores are being run by Masters' Susan Terry division, which will also open a unit later this month in Harrisburg, Pa. The Village Casuals stores and the new unit boost the Susan Terry operation to 29 stores, with most using the Susan Terry name.

The Village Casuals stores, which average 3,000 sq. ft., include seven units in San Antonio and five in communities along the Texas-Mexico border.

The chain had 30 stores when it went into Chapter XI in May. The mix focuses on name brand ladies' apparel, including coats, handbags and accessories, and is being maintained by Masters.